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SUBJECT: CODEL SMITH MEETS WITH DEPUTY PRIME MINISTER NGUYEN  
TAN DZUNG

SENSITIVE - DO NOT POST ON INTERNET

1. (SBU) Summary. A delegation of seven U.S. Senators, led by Senator Gordon Smith (R-OR) and accompanied by the Ambassador, met with Deputy Prime Minister Nguyen Tan Dung. Dung warmly welcomed the senators and thanked the United States for its assistance in the fights against HIV/AIDS and Avian Influenza and for its support for Vietnam's accession to the WTO. The senators stressed that support in the Senate for Vietnam's WTO accession would depend on a strong record on economic reform and democratization. They also stressed the need for better protection of intellectual property rights, full implementation of the U.S.-Vietnam Bilateral Investment Agreement, and effective measures to combat corruption. End Summary.

2. (SBU) A delegation of seven senators led by Senator Gordon Smith (R-OR) met with Deputy Prime Minister Nguyen Tan Dung on December 12, 2005 for over an hour to discuss trade and economic issues. Apart from Senator Smith, the U.S. delegation consisted of Senator Trent Lott (R-MS), Senator Robert Bennett (R-UT), Senator Ron Wyden (D-OR), Senator Jim Bunning (R-KY), Senator John Cornyn (R-TX), and Senator Mike Crapo (R-ID), as well as staff and spouses. The Ambassador also attended the meeting.

DPM Dung's Vision

3. (SBU) DPM Dung warmly welcomed the senators on behalf of the Government of Vietnam and Prime Minister Phan Van Khai. He emphasized that Vietnam had come a long way in the past few years. Average real GDP growth for the past five years was 7.5 percent and this year had reached 8.5 percent. The number of poor households had been reduced by 10 percent in the same period. Nevertheless, Vietnam is still a poor country with an average per capital GDP of only USD 640 and it is still among the 40 lowest income countries. In its next five year plan, the GVN aims to double Vietnam's GDP to USD 1,000 per person. (Note: The GDP per capita figure of USD 640 is new, up from the World Bank number of USD 543, and may reflect a GVN prediction for the 2005 number. End note.) The first step is to push forward on market reforms in order to mobilize domestic and foreign resources; second, Vietnam will deepen its integration into the world and regional economy. Third, parallel with economic development, the GVN will pursue social justice and reduce the number of poor households. Fourth, Vietnam will build a democratic government "by the people, of the people and for the people."

4. (SBU) Vietnam will also pursue a foreign policy of independence and self-reliance and diversify its relations in the region and in the world. In that spirit, Dung welcomed the senators and emphasized that bilateral relations with the United States were on the rise. The Bilateral Trade Agreement (BTA) was being implemented successfully and the United States had become Vietnam's number one export market. He thanked President Bush for effective and timely assistance to help Vietnam combat HIV/AIDS and Avian Influenza. He was also grateful to the President for his support for Vietnam's bid to join the WTO. Vietnam has wrapped up most of its bilateral negotiations and is working to do so with the United States. President Bush sent a letter to the Prime Minister reiterating that support. Dung thanked the Senators for their support and said that he believed their visit would contribute much to warmer relations.

"Help Us Help You": Address IPR Concerns

5. (SBU) After thanking the Deputy Prime Minister for his welcome, Senator Smith emphasized that after completing the bilateral WTO negotiations, the U.S. Senate would have to approve the agreement, which was why it was so important for Vietnam to continue the path of economic reform. He

welcomed Dzung's words on democratic reforms. Economic and political reforms "help us to help you," Senator Smith said, adding that it was important to put a difficult history behind us. The United States does not want to put all its "eggs in the Chinese basket," and the purpose of this visit, which is focused primarily on trade, is to welcome Vietnam's emergence from the third world to the first world. He expressed appreciation for Vietnam's responsiveness on the POW/MIA issue and for its constructive response to the State Department's decision to keep Vietnam as a "country of particular concern." The Senator noted the significant contribution to Vietnam's economy made by the Nike Corporation, an Oregon-based firm, and said that he hoped that Vietnam would negotiate hard against restrictions on textiles and would improve its infrastructure, especially ports, so that companies like Nike could continue to export and prosper. Finally, the Senator said that he continued to hear from his constituents about the importance of intellectual property rights (IPR) for the U.S.-Vietnamese bilateral relationship and for the growth of business in Vietnam.

16. (SBU) Senator Cornyn congratulated Vietnam for its liberalization policies and reinforced Senator Smith's point on IPR, which is necessary to foster innovation and investment. Senator Wyden remarked that he was one of the few Democrats to support free trade and quipped that he had "the scars on my back to show it." He said that he understood that Vietnam had strong IPR laws on the books, but that enforcement was weak. Improving IPR enforcement would make it easier for the Senate to approve the WTO agreement and support permanent normal trade relations (PNTR) for Vietnam. Senator Bunning added that Vietnam was the fifth country on the Senators' trip and in each country the delegation heard concerns from U.S. firms about IPR enforcement. The United States wants to support Vietnam to join the WTO, but it will need assurances that Vietnam will observe its commitments.

17. (SBU) Senator Crapo stressed that he hoped to work with Vietnam to achieve an early WTO accession. The goals that the DPM had expressed are shared by the United States and achieving them would help both countries. Senator Lott congratulated Vietnam on the new offers it had made to the United States in our bilateral negotiations. These offers should help move the negotiations forward. He emphasized that the way Vietnam dealt with U.S. companies already doing business with Vietnam would be very important and urged Vietnam to grant U.S. companies full trading and distribution rights. On a personal note, the Senator said he was from a state that had been hit hard by Hurricane Katrina; his own house had been destroyed, and he thanked DPM Dzung for Vietnam's help to hurricane victims.

18. (SBU) Senator Bennett noted the changes in Vietnam since he and his wife had visited twelve years ago. He said that he was heartened to hear the Deputy Prime Minister quote Lincoln's phrase "government by the people, of the people and for the people." He noted that during the Codel's trip to Asia, they had found that the problem of corruption was still pervasive. He urged Vietnam to work to combat corruption.

Wrap-up by DPM Dzung  
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19. (SBU) DPM Dzung thanked the Senators for their candid and straightforward comments. He reaffirmed Vietnam's intention to move forward with economic reforms. These reforms are not just an international requirement, but also the desire of the Vietnamese government and people. If Vietnam succeeds in making the transition to a market economy, it will make a small contribution to the prosperity of the world. He assured the Senators that Vietnam would observe all its commitments and cited Vietnam's efforts to fulfill all its obligations under the BTA. On IPR, he noted that Vietnam had started from a point where people were not aware of IPR and the country lacked a legal framework for IPR. He admitted shortcomings in current enforcement of IPR, but said that the GVN is committed to enforce strictly the new IPR law, which will also benefit Vietnam's innovators.

110. (SBU) He reminded the Senators that Vietnam, despite its economic achievements, was still a poor country. WTO membership presents challenges as well as opportunities. Vietnam's recent offers in bilateral negotiations represent difficult decisions by the GVN. Therefore, he sought the Senators' understanding and sympathy and hoped for their support. Prosperity and democracy are the GVN's "raisons d'etre," he said. The democratization process will be long because it depends on the level of economic and educational development. However, democracy is both an objective and the dynamic of development. To this end, the GVN must be both more powerful and more transparent and must combat corruption. He mentioned that in its last session, the

National Assembly had passed a new law against corruption. The government is committed to fight against corruption and if it fails, it cannot survive. Once again, he thanked the senators for their candid comments and said that he thought the visit would contribute to cooperation and development of bilateral relations.

11. Codel Smith cleared this cable.

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